

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

MINUTES OF MEETING

May 16, 2006



A meeting of the Benefits and Program Administration Committee (BPAC) was held on Tuesday, May 16, 2006, in the Lincoln Plaza North Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:00 a.m. and the following Committee Members were present:

Kurato Shimada, Chair Rob Feckner, Vice Chair Robert F. Carlson George Diehr Debbie Endsley, representing Michael Navarro Tony Oliveira Maeley L. Tom Nick Smith, representing Steve Westly

Other Board Members present:

Charles Valdes Mike Quevedo James Zerio, representing Philip Angelides

AGENDA ITEM 2 – APPROVAL OF THE APRIL 18, 2006 BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE MEETING MINUTES

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the minutes were approved as presented.

AGENDA ITEM 3 – REQUEST FOR REIMBURSEMENT TO EMPLOYERS OF ELECTED BOARD MEMBERS: CHARLES VALDES

3-A. Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Valdes to reimburse his employer, CalTRANS, \$171,181.00 for the period of April 1, 2003 to March 31, 2004 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Mr. Valdes' statement, that the reimbursement is necessary.

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Mr. Valdes' request for reimbursement to his employer.

Maeley L. Tom abstained from voting on 3-A.

3-B. Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Valdes to reimburse his employer, CalTRANS, \$181,226.00 for the period of April 1, 2004 to March 31, 2005 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Mr. Valdes' statement, that the reimbursement is necessary.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Mr. Valdes' request for reimbursement to his employer

Maeley L. Tom abstained from voting on 3-B.

3-C. Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Valdes to reimburse his employer, CalTRANS, \$183,521.00 for the period of April 1, 2005 to March 31, 2006 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Mr. Valdes' statement, that the reimbursement is necessary.

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Mr. Valdes' request for reimbursement to his employer

Maeley L. Tom abstained from voting on 3-C.

AGENDA ITEM 4 – REQUEST FOR REIMBURSEMENT TO EMPLOYERS OF ELECTED BOARD MEMBERS: PRIYA MATHUR

4-A. Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Mathur to reimburse her employer, BART, \$95,170.29 for the period of April 1, 2005 to March 31, 2006 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Ms. Mathur's statement, that the reimbursement is necessary.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Ms. Mathur's request for reimbursement to her employer.

Maeley L. Tom abstained from voting on 4-A.

4-B. Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Mathur to reimburse her employer, BART, \$102,207.46 for the period of April 1, 2006 to March 31, 2007 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Ms. Mathur's statement, that the reimbursement is necessary.

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Ms. Mathur's request for reimbursement to her employer

Maeley L. Tom abstained from voting on 4-B.

AGENDA ITEM 5 – ANNUAL REQUEST FOR REIMBURSEMENT TO EMPLOYERS OF ELECTED BOARD MEMBERS : GEORGE DIEHR

Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Diehr to reimburse his employer, California State University, San Marcos, \$96,311.00 for the period of April 1, 2006 to March 31, 2007 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Mr. Diehr's statement, that the reimbursement is necessary.

On **MOTION** by Ms. Endsley, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Mr. Diehr's request for reimbursement to his employer.

Maeley L. Tom abstained from voting.

AGENDA ITEM 6 – ANNUAL REQUEST FOR REIMBURSEMENT TO EMPLOYERS OF ELECTED BOARD MEMBERS: ROB FECKNER

Carol McConnell, Deputy General Counsel, presented this item at the request of Board Member Feckner to reimburse his employer, Napa Valley Unified School District, \$15,804.92 for the period of April 1, 2006 to March 31, 2007 for direct and reasonable costs of employing a replacement. BPAC has determined, based on factual findings in Mr. Feckner's statement, that the reimbursement is necessary.

On **MOTION** by Mr. Smith, **SECONDED** and **CARRIED**, the Committee recommended the Board approve Mr. Feckner's request for reimbursement to his employer.

Maeley L. Tom abstained from voting.

AGENDA ITEM 7 - LEGISLATION

Lisa Marie Hammond, Chief of Governmental Affairs presented the following four legislative items:

- 7-A. *Neutral* on AB 2351 (Maze). This bill is consistent with our handling of payroll reporting and our service credit provisions, and would not have a significant administrative impact on our system.
 - On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 7-A.
- 7-B. Support, on AB 2438 (Chu). This bill would make a clarifying amendment to the definition of "compensation" in the Public Employees' Retirement Law (PERL) to include Workers' Compensation temporary disability payments made to a school member; and simplifies administration without increasing benefits.
 - On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 7-B.
- 7-C. Neutral, on AB 2795 (Negrete McLeod). This bill would create greater benefit equity among CalPERS members by extending reciprocity from 6 months to 18 months, but could create additional liability to employers in a reciprocal retirement system.
 - On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 7-C.
- 7-D. *Neutral*, on AB 2945 (Spitzer). This bill would reclassify to safety membership state employees who are managers, supervisors, or confidential employees in a forensic program or whose subordinate is or becomes a safety member.
 - On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 7-D.

Debbie Endsley abstained from voting on 7-D.

AGENDA ITEM 8 – JUNE 30, 2005 LEGISLATORS' RETIREMENT SYSTEM ACTURIAL VALUATION REPORT

Allan Milligan, Senior Pension Actuary presented this item recommending that the Board approve the June 30, 2005 Legislators' Retirement System Actuarial Valuation Report and transmittal letter with adoption of an employer contribution of \$0 as well as a 0% contribution rate for all members for the period of July 1, 2006 to June 30, 2007.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

AGENDA ITEM 9 – STATE & SCHOOLS EMPLOYER CONTRIBUTION RATES FOR THE FISCAL YEAR JULY 1, 2006 THROUGH JUNE 30, 2007

David Lamoureux, Senior Pension Actuary presented this item recommending that the Board approve the employer contribution rates for the State and Schools time period July 1, 2006 to June 30, 2007.

2006-2007 Fiscal Year	Employer Rate
State Miscellaneous Tier 1	16.997%
State Miscellaneous Tier 2	16.778%
State Industrial	17.861%
State Safety	19.294%
State Police Officers & Firefighters	24.505%
California Highway Patrol	31.463%
Schools	9.124%

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

Public comment was received from Mr. Neal Johnson, SEIU Local 1000.

AGENDA ITEM 10 – ACTUARIAL VALUATION REPORT FOR THE 1959 SURVIVOR BENEFIT PROGRAM AS OF JUNE 30, 2005

Richard L. Santos, Associate Pension Actuary, presented this item recommending that the Board approve the June 30, 2005 actuarial valuation report for the Public Agencies' 1st, 2nd, 3rd, 4th, and Indexed Levels and for the State and Schools 5th Level of the 1959 Survivor Program and adoption of the following employer and employee monthly premiums for fiscal year 2006-2007.

2006-2007 Premium

Pool	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
State 5 th Level Pool*	\$5.40	\$5.40	\$10.80
Schools 5 th Level Pool*	\$0.00	\$2.00	\$2.00
PA 1 st Level Pool**	\$0.00	\$2.00	\$2.00
PA 2 nd Level Pool**	\$0.00	\$2.00	\$2.00
PA 3 rd Level Pool**	\$0.00	\$2.00	\$2.00
PA 4 th Level Pool**	\$2.40	\$2.00	\$4.40
PA Indexed Level Pool*	\$0.80	\$2.00	\$2.80

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

AGENDA ITEM 11 – BOARD MEMBER ELECTIONS PROCESS

Rick Nelson, Chief of Operations Support Services Division presented this item. No action was taken to change the current Board Election process. The Committee directed that an Ad Hoc Committee be formed to further examine the Board Election process.

Public comment was received from James McRitchie.

AGENDA ITEM 12 - 2004/2005 STATE INDUSTRIAL DISABILITY COST REPORT

Ron Seeling, Chief Actuary, presented this item recommending that the Board postpone the reporting of the 2004/2005 State Employers' Industrial Disability Cost Report to 2007, and report the decision to the Governor and the Legislature. The transmittal letter was updated at the committee's direction.

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

AGENDA ITEM 13 - CHIEF ACTUARY REPORT

Ron Seeling, Chief Actuary, had nothing further to report

AGENDA ITEM 14 - ASSISTANT EXECUTIVE OFFICER REPORT

Kathie Vaughn submitted the AEO matrix from Member and Benefit Services Branch. An update on the Disability Backlog Project was also provided.

AGENDA ITEM 15 – DRAFT AGENDA FOR JUNE 20, 2006 MEETING

The committee accepted the draft agenda.

AGENDA ITEM 16 - PUBLIC COMMENT

Public Comment was received by Chuck Walker and James McRitchie

The next meeting of the Benefits and Program Administration Committee is scheduled for June 20, 2006, at 9:00 a.m., in Sacramento, CA.

FRED BUENROSTRO
Chief Executive Officer